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GLICKMAN BILL WOULD ELIMINATE 'EMPTY SEAT' TAX LIABILITY

Legislation which would eliminate additional tax liability for persons who travel free on a space available basis on company-owned transportation was introduced last week by Rep. Dan Glickman (D-Kan.) and several co-sponsors. The bill, H.R. 1392, seeks to neutralize one of the most objectionable portions of new Internal Revenue Service regulations — the section which would make the recipient of such transportation liable for additional taxes even if his employer incurred no additional cost in providing the transportation *(see related story on Page 77)*.

Glickman, in a statement on the House floor, said free transportation for an employe when the company aircraft or other vehicle is on a business mission is "a perfect example of what common sense would tell you is a 'no additional cost' fringe benefit. Under the present law, common sense doesn't matter on this point; technically, the IRS has determined that these transportation fringe benefits can't qualify for the tax-exempt status because they do not meet the 'for sale' requirement of the 1984 tax bill."

In a letter to other House members seeking additional co-sponsors *(see letter on the back of Page 74)*, Glickman said H.R. 1392 "would assure that catching a ride on a vehicle already travelling for legitimate business purposes would not be subject to taxation." He noted that the IRS regulation now in effect "is causing people to cancel orders for business aircraft at a time when industry is recording the lowest level of sales since 1951. As this authority is implemented through IRS regulations, I expect we will find that many other industries will be hurt."

GA GROUPS WARN OF TOUGH BATTLE TO OVERTURN IRS AIRCRAFT RULES

Officials of four major general aviation groups expressed strong support last week for the legislation proposed by Rep. Dan Glickman to modify one provision of new Internal Revenue Service regulations on company-owned aircraft, but they cautioned that overturning the IRS rules — which they view as a major threat to the GA industry — will be an extremely difficult battle to win.

Four groups — Aircraft Owners and Pilots Association, General Aviation Manufacturers Association, National Air Transportation Association and the National Business Aircraft Association — reached an agreement to seek "legislative or regulatory relief from punitive IRS proposals dealing with taxable valuation of personal use of private aircraft and transportation in otherwise 'empty seats' on such aircraft." The aviation associations said as currently implemented, the IRS rules assign taxable income valuations roughly equivalent to commercial airline fares: empty seat "hitchiker", full coach fare; key employe "hitchiker" on non-primary business flight, three times first class fare; and, non-business personal use, charter rates. The groups charged that "these valuations bear no relationship to market value" and instead are pushing for a tiered set of valuations based on aircraft gross weights to be applied to personal use aircraft. Those proposed rates would range from one half of equivalent coach air fare for planes under 6,000 pounds gross weight up to the equivalent of first class air fare on aircraft with gross weights in excess of 10,000 pounds.

(Continued on the following page)

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CIVIL AVIATION AUTHORITY OF CHINA has accepted the first of five de Havilland of Canada Twin Otters. The latest order brings to 10 the number of Twin Otters used by the People's Republic of China, following delivery of four commuter aircraft to the country in 1977 and one geophysical Twin Otter in 1979. Remaining four deliveries are scheduled for later this year.

* * *

JOHN J. LEAHY, who was named to the newly created post of director-Eastern Hemisphere for Piper Aircraft in Geneva, Switzerland late last year *(BA, Oct. 22/133)*, has left Piper and joined Airbus Industrie of North America as marketing director. Leahy had held a number of positions in marketing during his eight years at Piper including director of marketing service. In his new post with Airbus, he is based in New York City.

* * *

FAIRCHILD BURNS COMPANY, a division of Fairchild Industries, said USAir has placed an order for fireblocked seat cushion sets for its entire jet aircraft fleet. USAir operates 130 aircraft including Boeing 727s and 737s, BAC 1-11s and DC-9s. Fairchild Burns said the order covers some 15,000 seats. FAA regulations that went into effect in November give the airlines three years to install the new seat cushions, which retard the spread of fire.

* * *

BERNARD A. (BERNIE) GEIER, who recently retired from FAA where he had been manager of the agency's general aviation and commerical division, has joined the Aircraft Owners and Pilots Association as a consultant. He will be involved in development of the association's aviation policies in addition to other duties.

* * *

DEPARTMENT OF TRANSPORTATION has extended the comment period on proposed regulations concerning the review of air carrier agreements, mergers, acquisitions of control, consolidations and interlocking relationships. The regulations would govern the procedures to be employed under certain statutory provisions that were transferred to DOT under the Airline Deregulation Act of 1978 and the Civil Aeronautics Board Sunset Act of 1984. Comments had been due by March 8, but the deadline has been extended to March 18 at the request of the Air Transport Association. Comments should be sent to: Docket Clerk, Room 4107, Office of Secretary, Department of Transportation, 400 Seventh St. S.W., Washington, D.C. 20590.

* * *

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, rather than FAA, will now be responsible for insuring that child restraint systems comply with applicable regulations for use in both motor vehicles and aircraft. FAA plans to cancel TSO-C100, which had been the applicable standard for child restraint systems in aircraft, on March 15. FAA said the change "will assure that only a single standard exists for child restraint systems. Child restraint manufacturers will then comply with amended Standard 213 only and deal only with the National Highway Traffic Safety Administration." For additional information on the change, which was detailed in the March 1 *Federal Register*, contact: Ms. Bobbie J. Smith, Policy and Procedures Branch, AWS-110, Aircraft Engineering Division, Office of Airworthiness, Federal Aviation Administration, 800 Independence Ave. S.W., Washington, D.C. 20591 or call (202) 426-8395.

* * *

AIRPORT AND AIRWAY TRUST FUND ended calendar year 1984 with a balance of just over $7 billion, the first time in the 14-year history of the trust fund that the balance has exceeded that level *(see chart on the backs of Pages 79 and 80)*.

* * *

WORLD AVIATION DIRECTORY, summer 1985 edition is now available. New features include World Space Directory, World Government/Military Directory, World Buyer's Guide, Computer Hardware/Systems Manufacturers and Software Developers Section, and expanded World Helicopter Directory. The new edition lists more than 57,000 individuals, 27,000 companies and 3,700 products/services in 188 countries. A one-year subscription includes two editions. To order, call Teresa Dubich at (202) 822-4683.

AIRPORT AND AIRWAY TRUST FUND
Status As Of Dec. 31, 1984

		CURRENT MONTH	FISCAL YEAR TO DATE
I.	BALANCE - BEGINNING OF PERIOD	6,576,219,427.84	6,440,835,770.41
II.	RECEIPTS:		
A.	Excise Taxes (Transferred from General Fund) :		
	Any liquid fuel except gas	6,639,000.00	16,466,299.00
	Tires used on aircraft	0.00	0.00
	Tubes used on aircraft	0.00	0.00
	Gasoline		
	1. Commercial 9 cents tax	225,000.00	674,000.00
	2. Non-commercial 9 cents tax	2,460,000.00	6,087,384.00
	3. Non-commercial 3 cents tax	820,000.00	1,577,128.00
	4. Transp by air,seats,berths,etc.	208,604,000.00	627,064,730.00
	Use of international trav fac	6,638,000.00	22,197,424.00
	Transp of property and cargo	14,426,000.00	38,961,089.00
	Total Tax Receipts	239,812,000.00	713,028,054.00
B.	Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
	1. Civil aircraft	0.00	333.00
	2. Any liquid fuel except gas	0.00	2,346,988.00
	3. Gasoline -Retailer's tax	0.00	537.00
	Total Reimburse for Tax Refunds	0.00	2,347,858.00
	Net Tax Receipts	239,812,000.00	710,680,196.00
C.	Interest on Investments	337,903,204.69	352,604,499.21
	Net Receipts	577,715,204.69	1,063,284,695.21
III.	EXPENDITURES :		
A.	Federal Aviation Administration :		
	1. Operations	-35.00	104,999,815.39
	2. Grants-in-aid for airports	84,673,790.11	237,249,723.87
	3. Facilities & equipment	33,624,820.64	91,489,087.22
	4. Research engineering & development	16,736,151.47	51,481,886.83
B.	NOAA weather services	6,750,000.00	6,750,000.00
C.	Interest on Refund of Taxes	0.00	47.00
	Total Expenditures	141,784,727.22	491,970,560.31
IV.	BALANCE - END OF PERIOD	7,012,149,905.31	7,012,149,905.31

(Continued on Back of Following Page)

TRUST FUND (Cont.)

STATEMENT OF FINANCIAL CONDITION

ASSETS :		
Undisbursed Balances:		
Airport & Airway Trust Fund	145.02	
Operations	4,071.68	
Grants-in-aid for Airports	8,315,199.34	
Facilities & Equipment	3,856,422.48	
Research Engineering & Development	5,961,066.79	
NOAA weather services	0.00	
		18,136,905.31
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS :		
11-1/4% maturing June 30, 1985	800,875,000.00	
11-1/8% maturing June 30, 1985	5,718,925,000.00	
11-3/8% maturing June 30, 1985	474,213,000.00	6,994,013,000.00
Total Assets		7,012,149,905.31
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		7,012,149,905.31
Total Liabilities and Equity		7,012,149,905.31

Treasury Department Chart